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RUEHKO/AMEMBASSY TOKYO PRIORITY 3308

RUEHWL/AMEMBASSY WELLINGTON PRIORITY 5539

RUEHBN/AMCONSUL MELBOURNE PRIORITY 5800

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STATE FOR EAP/RSP AND EAP/ANP

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SUBJECT: AUSTRALIAN VIEWS ON DECEMBER ASEAN MEETINGS IN THAILAND

REF: STATE 101453

Classified By: Acting POL Chief John W. Crowley for reasons 1.4 (b)(d)

SUMMARY

¶11. (C) Australia expects only modest outcomes from the ASEAN meetings in Thailand during mid December, to include adoption of the ASEAN Charter and the development of the Human Rights Body, but believes these achievements could be threatened by Thailand's current political tensions. In the ASEAN Plus Three, Australia expects China to seek a further evolution of the Chiang Mai Initiative - moving from bilateral to multilateral currency swap arrangements -- to help ease current financial difficulties. In the East Asia Summit -- the only meeting in which Australia is a full member -- the GOA anticipates approval of a Thai proposal on Disaster Management and an Australian-proposed Statement on Finance aimed at bolstering conclusions reached at the recent G-20 meeting in Washington. Australia also hopes the ASEAN-Australia-New Zealand Free Trade Agreement can be signed during the ASEAN sessions. Prime Minister Rudd will attend the East Asia Summit, where he will promote his vision for an Asia Pacific Community by 2020. End summary.

¶12. (C) Poloffs discussed the December 15-18 ASEAN round of meetings in Thailand with Lynda Worthaisong, Director for ASEAN Regional Issues, Department of Foreign Affairs and Trade (DFAT), on November 25. Worthaisong noted Thailand, as ASEAN Chair, has struggled to maintain focus in the midst of its political difficulties, as evidenced by the almost daily revisions of agenda items. One result of the unrest was to force the Thai Government to move the ASEAN venue from Bangkok to Chiang Mai. Moreover, Thailand's domestic political stalemate also has meant the Thai Parliament must approve any decision by the Royal Thai Government (RTG), which could delay or block Thailand's ability to join consensus on key ASEAN outcomes, such as the entry into force of the ASEAN Charter, she explained. Accordingly, Australia had only modest expectations for the ASEAN meetings.

¶13. (C) In addition to the ASEAN Charter, Worthaisong identified the development of a Human Rights Body as another possible outcome of the ASEAN Summit, but caveated that with a caution that the terms of reference agreed might make the entity ineffective. She added Australia hoped the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) could be signed during the ASEAN meetings. Negotiations for the AANZFTA, originally proposed in 2004, were concluded at the 13th ASEAN Economic Ministers - Closer Economic Relations

consultations in Singapore in August 2008.

¶4. (C) At the ASEAN Plus Three, Worthaisong said China was expected to propose a statement that would expand and multilateralize the system of bilateral currency swaps and repurchase agreements that had been established under the 2000 Chiang Mai Initiative. The statement would call for some International Monetary Fund conditionality, for example in the case of Japan.

¶5. (C) Worthaisong said Australia anticipated two main outcomes from the East Asia Summit. The first was a RTG-initiated Disaster Management Proposal that would aim to institutionalize cooperative arrangements required to respond to regional disasters, building on the experience of the December 26, 2004, Indian Ocean tsunami. The second, expected to be finalized after consultations with Japan, was an Australian proposed Statement on Finance that would seek to build confidence in East Asia's financial handling and to reinforce the conclusions of the G-20 meeting in Washington on November 14-15, 2008. The Statement, prefaced by a discussion of the regional impact of the global financial crisis, would encourage fiscal stimulus in East Asia; endorse the G-20 leaders' approach; reject protectionism; strongly urge a conclusion to the DOHA round; and commend the ASEAN Plus Three financial statement, if issued. The Statement would refer to the G-20 conclusions on the adequacy of resources of the International Monetary Fund and regional development banks, and call for reform of international financial architecture, including an insistence that developing and emerging markets must be part of the global

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solution. According to Worthaisong, Australia planned to suggest a study of East Asia's financial sector capacity-building needs, but acknowledged that there were suspicions within ASEAN related to Australian, New Zealand and Indian interests in the finance sector.

¶6. (C) Other issues on the agenda for the EAS, according to Worthaisong, included Burma, DPRK, finance, energy security, education, avian influenza, and the long-standing Japanese proposal for an FTA among the 16 members of the East Asian Summit. An initial feasibility study on the EAS FTA was completed earlier in the year, she noted, and the EAS was expected to endorse further Track II discussion. While there were some advantages of an EAS Free Trade Agreement over the ASEAN Plus Three FTA, Worthaisong said there were sensitivities that the EAS FTA not be seen to be competing with the ASEAN Plus Three FTA. Nonetheless, Australia wanted to see both FTA proposals move in parallel with one another. An EAS FTA would complement Australia's bilateral FTAs with Malaysia and Singapore, as well as a proposed bilateral FTA with Indonesia.

¶7. (SBU) Worthaisong noted Prime Minister Rudd, who would be participating in the East Asia Summit for the first time, would use the occasion to promote his vision of an Asia Pacific Community (APC). She added that Richard Woolcott, the former DFAT Secretary and veteran diplomat named by Rudd to be his special envoy for the APC, hoped to visit Washington as early as possible, preferably in February 2009, in order to brief and seek support of the incoming administration, including the new President, Secretary of State and U.S. Trade Representative, about the Asia Pacific Community concept.

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